

## **The complaint**

Mrs K complains Financial Administration Services Limited (FASL) delayed the opening of her stocks and shares Investment Account. She says this meant she could not make use of her Capital Gains Tax (CGT) allowance for the 2023/24 tax year.

## **What happened**

In March 2024, Mrs K and her husband completed a stock transfer to make use of her 2023/24 CGT allowance by transferring stocks from her husband's account to a new Investment Account in her name. Unfortunately, the transfer did not take place in the tax year intended and Mrs K complained to FASL.

FASL said they had followed their process to verify Mrs K's identity and they could not be held responsible for the delay in the verification letter reaching her. FASL accept they should have set realistic expectations about the verification timeline, that the letter they sent may have caused confusion, and that the stock transfer was processed twice. FASL offered to pay Mrs K £150 to reflect the distress and inconvenience they had caused her.

Mr K, acting as Mrs K's representative, brought the complaint to the Financial Ombudsman Service. One of our Investigators looked into things and thought that FASL had made a mistake in processing the stock transfer, but did not think it was fair and reasonable that they should be held responsible for the delay in the verification letter reaching Mrs K. The Investigator thought FASL's offer of £150 for the distress and inconvenience this caused is a fair and reasonable remedy to resolve the complaint.

Mrs K asked that an Ombudsman decides the complaint and it was passed to me to consider.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I have read all of the communications between Mrs K, her representative Mr K and FASL. I have also reviewed the comments Mr K has provided in response to the view provided by our Investigator. I may not comment on everything I have reviewed, but my decision will address what I believe is at the crux of the complaint.

The complaint correspondence supports the crux of Mrs K's complaint is that she feels strongly FASL were responsible for the failure to make use of her 2023/24 CGT allowance. There are other factors that I will consider in my decision, but I will focus on whether FASL are responsible for any unreasonable delays that have caused Mrs K a financial loss. Although I understand Mrs K will be disappointed, I have decided that FASL did not do anything significantly wrong, but they could have better managed Mrs K's expectations after the verification letter was delayed in the post. I will now explain why I have reached my decision.

FASL told Mrs K's husband that he could transfer stocks from his account into an account for Mrs K to mitigate CGT. FASL confirmed that the appropriate stock transfer form could be completed and submitted online; and this was done on 21 March. They said that if Mrs K held an account, or they could verify her identity from the information provided, the transfer should complete within 24-hours, but it could take longer if something else is required. FASL explained that if Mrs K didn't have an existing account, she would receive a welcome letter after the verification process completed and she could register her account.

On 22 March, FASL wrote to Mrs K's husband – who had sent the completed stock transfer form – and told him they needed verification documents from Mrs K as they did not hold sufficient information to verify her. I should mention at this point that although Mrs K held a previous account with FASL, the statement dated 2012 she provided shows a different address. It is not the role of the Financial Ombudsman Service to tell a business what checks it must carry out to verify a customer. The Financial Conduct Authority, who regulate FASL, provide guidance for businesses about what checks they could use to comply with UK Money Laundering Regulations. These checks are risk based and FASL uses a third-party to carry out the verification checks. In this case, FASL decided they needed more verification evidence for Mrs K. I'm not persuaded FASL did anything significantly wrong here as this is their decision to make.

Mrs K was frustrated by FASL's decision to ask for more verification documents, but I am satisfied they communicated this quickly by letter on 22 March. Mrs K is disappointed FASL did not send an email, rather than send a letter, but I'm satisfied FASL acted reasonably in sending out a letter if they weren't able to verify Mrs K from existing records. In this regard I would refer Mrs K to the terms and conditions applicable to the application she had made:

*"Section 1: Terms that apply to everyone*

*(d) If you register for our online service, we may still ask you to confirm some information in writing....*

*"(g) We can't accept your Application unless we can confirm and verify your identity under applicable money laundering regulations.*

*(h) Under the money laundering regulations we have to verify the identity of all investors, beneficial owners and anyone controlling or paying for Investments. At any time during our relationship with you, we can ask you for evidence of identification and/or run checks using an online agency, (which will make a record that we have done this) and/or require you to provide any information required in order to comply with money laundering regulations."*

FASL say they checked with the third-party when the letter dated 21 March was sent. The third-party confirmed it was sent on 22 March. Mr K, on behalf of Mrs K, called FASL on 2 April to tell them he had received the letter that day (2 April). I've taken into account there were three bank holidays during the period between when the letter was more likely than not sent and when Mr K received it. Although I acknowledge the letter took longer than it should have to reach Mr K, I can't reasonably hold FASL responsible for any delays in the postal service.

I should say at this point that I think it's more likely than not that had this letter not been delayed, Mrs K's account would have been opened in time for the stock transfer to complete in the 2023/24 tax year. But I cannot hold FASL responsible for this delay or any impact this had on Mrs K's ability to use her 2023/24 CGT allowance.

Mr K called FASL on 2 April, in response to FASL's letter requesting additional verification documents for Mrs K. FASL accept that during this call they should have managed

expectations about whether the stock transfer and subsequent sale of the stocks would complete before the end of the tax year. At the end of this call it seems more likely than not that Mr K and Mrs K believed that if they sent the identification documents required promptly, the stock transfer and subsequent stock sale from Mrs K's account would happen before the cut-off time of 11:00am on 5 April. This could have happened, but I do not think it was likely to because the verification documents had to be checked and approved. And, even after this, Mrs K's new account would need to be opened and registered - using the link on the welcome letter that FASL would send her after verification had been completed. FASL accepts that although they received the verification documents they had requested just before 5:00pm on 2 April, they were not forwarded to the appropriate team until 9:30am the next day. However, I have seen FASL requested the verification documents be reviewed as quickly as possible because of the delay in Mr K receiving the letter of 21 March and the impending tax year end.

When Mr K called FASL on 5 April at 3:49pm they told him the verification of Mrs K had not yet completed, and that Mrs K's account had not yet been set-up. I can see our Investigator said the verification team received the verification documents at 9:30am on 3 April 2024 and Mrs K's account application was processed within 48-hours. But, I've given more weight to FASL telling Mr K that the verification had not completed during the 3:49pm telephone call on 5 April. So, although Mr K has questioned when FASL verified Mrs K's identity and when her account was opened, I've decided that it is more likely than not both of these events happened after the 11:00am cut-off for the stocks to be sold. I hope this provides clarity for Mrs K and her husband. I considered whether to issue a provisional decision in this regard, but I am satisfied this does not have a material impact on my decision, nor does it materially change the view of our Investigator.

Mrs K feels that as FASL had the verification documents by 4:47pm on 2 April they should have been able to complete the verification by 4:47pm on 4 April. Mrs K places a significant amount of weight on what FASL said in their final response letter; *"our verification team aim to process documents in 48 working hours."* However, as I've already explained, I can't tell FASL how long the verification process must take. I understand Mrs K and Mr K feel strongly that FASL committed themselves to a 48-hour verification process, but I do not think this can reasonably be concluded from the response they provided. FASL follow a risk based process and, although they say they aim to complete this process within 48 working hours, I think it would be unfair and unreasonable for me to decide they must take no longer than 48-hours to do so. It is for FASL to be satisfied they have verified Mrs K identity. It did take a little longer than FASL aim for, but it seems to me that they took reasonable steps to try and expedite the process. Unfortunately, FASL were unable to complete the verification process in time for Mrs K's account to open in time for the 11:00am deadline on 5 April for the sale of stocks required to mitigate CGT.

Regardless of FASL not completing the verification for Mrs K until after 3:39pm on 5 April, FASL would also have had to send a welcome letter containing a link for her to access her new account before it could be used. FASL explain that for security reasons the welcome letter is issued by post, This is a decision for FASL to make as part of their obligation to comply with money laundering regulations.

After Mrs K's new Investment Account opened, FASL duplicated the intended stock transfer. This error was quickly fixed by FASL reversing the transfers and there was no financial loss. FASL apologised for this error.

Taking all the circumstances of this complaint into account, it would be unreasonable and unfair for me to decide that FASL are responsible for Mrs K being unable to make use of her 2023/24 CGT allowance. However, FASL did lead Mrs K - and Mr K - to believe the sale of stock required to use Mrs K's CGT allowance would more likely than not complete before the

tax year cut-off. FASL has offered to pay Mrs K £150 to recognise the distress and inconvenience this caused her. As I've seen no evidence Mrs K suffered a financial loss because of FASL's actions, I've decided this is a reasonable remedy to resolve this complaint.

### **My final decision**

I've decided the offer Financial Administration Services Limited made to pay Mrs K £150 is a fair and reasonable one to resolve the complaint. So, my decision is that Financial Administration Services Limited should pay Mrs K £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 29 July 2025.

Paul Lawton  
**Ombudsman**